REMARKS

The present amendment addresses all the Examiner's objections included in the Examiner's Office Action dated August 15, 2003.

The specification has been amended primarily to provide clear antecedent language for the expressions used in the new claims.

As indicated in the "Field of the Invention" , the present invention relates to systems and methods for collecting payments in a distributed digital communications environment, such as the Internet.
It is known that such digital communications may be implemented using a personal computer equipped with communications hardware such as a modem, and communications software such as Explorer(TM) or Navigator(TM).

Since payment with electronic/digital tokens is known in prior art, and the present invention comprises improvements in such payment means, the disclosure did not delve into the details of hardware and software implementation of prior art means, for the sake of clarity.

Examples of prior art implementations of payments with tokens is disclosed in prior art, for example in the patents cited by the Examiner.

The present disclosure refers to improvements in such payment means with tokens, and thus appears to be legitimate statutory subject matter.

In order to facilitate the further examination of the application, all the original claims have been replaced by new Claims 15-31. These claims have been drafted so as to overcome the rejection under 35 USC 101 regarding non-statutory subject matter, and the rejection under 35 USC 103 regarding obviousness, and also to more clearly define the invention.

Thus, new claim 15 is drawn to a method for collecting and monitoring payments in a distributed digital communications environment using tokens, wherein the environment includes a plurality of buyers and sellers.
Unlike in prior art, it is the buyer himself who cancels used tokens, not others. Furthermore, such tokens cancelations are reported to the public.

The method allows other users (buyers and sellers) to monitor the cancelation of used tokens by comparing reports of such cancelations received from various other users.
This is a novel approach with respect to previous methods, which strive to impose on the buyer a cancelation process; the present invention claims that a self-imposed discipline is more effective than an externally forced one.

A secretive token method can be broken by hackers for example, with no one being able to detect such a breach of security; in the present method, wherein all the transactions become known to the public, it is the public who eventually will police such transactions to detect and report irregular use of tokens.

The new method also requires much less effort on the part of the tokens issuer: The tokens issuer does not have to take part in each and every transaction; they only have to issue tokens, take payments and eventually receive reports on irregular use of tokens from the other users in the system.

The present method is much more flexible, allowing a buyer to use his/her tokens with any seller in the system.

It is not seen that this combination of features is disclosed or rendered obvious in the references cited by the Examiner.

In Krsul for example, US Patent 5,839,119, the seller and buyer are each issued half a coin; this allows a transaction only between a specific buyer and seller. The buyer does not have a choice to use his/her tokens with any seller, thus these are not really "monetary tokens" - real money can be used with any store.
When people earn a salary, they don't have to declare in advance how they will spend the money, and be bound by such declarations.

Furthermore, in Krsul the tokens issuer has to participate in every transaction, by sending half tokens to the buyer and seller for that specific transaction. One disadvantage, in large systems with a multitude of transactions is the large workload on the tokens issuer.

Another disadvantage may be a possible loss of privacy, wherein the "Big Brother" is party to everything people buy.

A major flaw in Krsul is that, by having the tokens issuer participate in transactions with every seller, to issue half tokens to participants there, the token is actually an approval for transactions between two predefined parties, rather than a monetary token for general use.

In real life, a buyer may change her mind and desire to use the money elsewhere; this is impossible in Krsul - the half token is just for a specific seller.

Stefik et al., US Patent 6,236,971 relates to access to a repository of digital works. It is the service provider (repository) which "punches" or cancels, the buyer's tickets. Again, it is not the buyer who cancels the tickets, but the services provider, a difference detailed above. If the tickets are valid for several sellers, then a hacker can falsify/duplicate them for illegitimate use; each seller will cancel the copy received thereby, and will not be able to detect the problem. Furthermore, the tickets are not monetary tokens but are related to the specific digital work (col. 4 lines 7-26, claim 1).

Rosen, US Patent 6,205,436 details a method using a customer trusted agent, a merchant trusted agent and electronic money. This is a complex system, compared to the present invention where digital tokens are simply sent from buyer to seller. The complexity of the system in Rosen creates a vulnerability which can be exploited by hackers. A longer chain has more vulnerable points.
It is claimed in Rosen that the agents are trusted and secure, however there is no absolute, perfect security.
The present invention takes a different approach, protecting the tokens not by security measures imposed on the user, but by the openness of the transactions which are monitored by the public.

In Rosen, the where the transfer of electronic merchandise or electronic money is provisional until the transaction is finalized - this is a different approach than that in the present invention.

Christiano, US Patent 5,386,369, discloses a license metering system is in a hardware based meter that plugs into a port of the computer system on which the metered software is running. The hardware uses a monitoring software therewith.
This is not an electronic payment method, but a system attached to a computer to monitor the use of software therein.
The system and method in Christiano cannot be used for payments in a network, between various buyers and sellers - it does not provide the benefits of the present invention, and works in a different way.
Christiano cannot be used for collecting payments in a distributed digital communications environment using tokens.

Tognazzini, US Patent 6,295,482, discloses an electronic newspaper vending machine with an IR link allowing to transfer payments in the form of digital cash or payment authorizations to the vending machine.

Tognazzini acknowledges the problem of digital cash being doubly spent, for example with reference to Fig. 7 there. Their solution is for the bank to identify double spenders, using details in the digital money.
This is clearly a different method than that in the present disclosure.

The method is applied to vending machines, a system different than the present method for payments in a network, between various buyers and sellers - it does not provide the benefits of the present invention, and works in a different way.

The article "Digital cash solution sought" by Gary H. Anthes, in Computerworld, states that " None of the payment methods available today can adequately serve as ``digital cash'' in a distributed network environment, according to a coalition of information technology users and vendors."
This is a statement of a problem, rather than a proposal for a solution. The article goes on to further detail problems with contemporary digital payment methods.

Indeed, it is the purpose of the novel method in the present disclosure to provide a novel solution to such problems, as detailed above.

Therefore, it appears that new Claim 15 defines a novel method for electronic payments and monitoring, which is not disclosed nor suggested in the cited references.

It is submitted, therefore, that new Claim 15 is clearly allowable over the cited reference.

Claims 16 - 27 all depend from Claim 15, and are therefore believed allowable with that claim apart from the further features set forth, which features are also lacking in the cited references.

New Claim 28 is drawn to a method for managing and reporting payments with tokens, wherein a user uses a service for which payment is required, and that user pays for the use of the service by canceling tokens stored thereby. Rather than having the tokens canceled by others, as in prior art, in the present invention the user of the service herself will cancel tokens in her possession.
The service may be, for example, software for connecting with another user; the user pays for each use of the software.
The user, therefore, acquires electronic tokens from a tokens issuer and stores the tokens in a user's database.

As the user is using the service for which payment is required, the user cancels tokens accordingly. According to the present invention, it is the user's responsibility to pay for the use of the service by tokens previously acquired. Whereas prior art methods impose payment on the user, in the present invention it is a matter of self-discipline for the user to pay for the service as required.

To enforce such payments, each user has to report to other users such cancelation of tokens. Thus, the public or the other participants in the distributed digital communications environment, will monitor other user's transactions and will detect possible violations.

The applicant believes such a method is more effective in preventing fraud than prior art method; it is akin to people passing by in a street in daylight being more effective in preventing a burglary in a house there, than locked houses in the dark with no one watching.

The method in new claim 28 works according to the former case in the above example, whereas all the patents cited by Examiner belong to the latter.

The above discussion on the prior art patents cited by Examiner vs. the present invention also applies Claim 28.
Therefore, it appears that new Claim 28 defines a novel method for electronic payments and monitoring for services, which is not disclosed nor suggested in the cited references.

Claims 29 - 34 all depend from Claim 28, and are therefore believed allowable with that claim apart from the further features set forth therein.

The specification has been amended primarily to provide clear antecedent language for the expressions used in the new claims.

Petition and fee for extension of time:

Applicant respectfully asks to be granted an extension of time for this response being within second month.
Payment of the extension fee is by credit card, please find attached the US PTO Credit Card Payment Form, filled in the amount of $210 (small entity).

I hereby declare that the present document has been sent to the US PTO by Fedex on 8 January 2004.

In view of the foregoing, it is believed that this application is now in condition for allowance.

Respectfully submitted,

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